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TAGS: ETRD EINV ECON PREL PGOV BL
SUBJECT: BUSINESS ASSOCIATIONS DIFFER IN RESPONSE TO GOB
POLICIES

REF: A. LA PAZ 1660

¶B. LA PAZ 1537
¶C. LA PAZ 1466

¶1. (SBU) Summary: Bolivian business associations share similar concerns about GOB economic policies but differ in their response, with some advocating open criticism and others urging moderation. Neither strategy has been effective, as association representatives reportedly have limited access to GOB officials and exert diminishing influence over policymaking. Despite this, they unanimously expressed hope that the United States would extend the Andean Trade Promotion and Drug Eradication Act, arguing that trade preferences' disappearance would be a "catastrophe" for Bolivian exporters and pointing out that President Morales could blame related job losses on U.S. intransigence. End summary.

¶2. (SBU) Bolivian business associations share similar concerns about GOB economic policies, including the recently released national development plan (ref A). National Chamber of Industry President Eduardo Peinado told Econoff June 21 that he respected the GOB's desire to generate employment, reduce poverty, and empower the indigenous but worried that the Morales administration lacked concrete plans for achieving its goals. Peinado speculated that the plan, like other GOB initiatives (including its proposed land redistribution program), was designed to generate popular support in the run-up to the July 2 Constituent Assembly elections. His counterpart, National Chamber of Commerce General Manager Jose Luis Valencia, echoed his thoughts, adding that he and others would closely monitor the GOB's actions for signs of further leftward shifts or stepped-up attacks on the private sector.

¶3. (SBU) Business associations differ, however, in their response to the GOB's policies. While some advocate open criticism, others urge moderation, arguing that businessmen can best protect their interests by avoiding heated

confrontation. Private Businessmen's Confederation President Roberto Mustafa told Econoff June 20 that he considered it his duty to speak out; he did just that in a declaration published in leading newspapers May 31 (ref B). Neither Peinado nor Valencia shared Mustafa's views. Both said they preferred to minimize public attacks, noting that Mustafa's harsh criticism had angered Morales and strained the business community's relationship with the GOB.

¶ 14. (SBU) Neither strategy has been effective, as association representatives reportedly have limited access to GOB officials and exert diminishing influence over policymaking. Peinado said government officials were increasingly reluctant to see him, perhaps in part because of Mustafa's declaration, and mentioned that the GOB's willingness to listen to private sector concerns had faded. Peinado told Econoff he perceived growing suspicion of the business community's motives among administration officials and had encountered reluctance to engage in constructive dialogue. Valencia mentioned trouble arranging meetings and obtaining basic information from the GOB. According to Valencia, the National Chamber of Commerce will continue to encourage respect for private property and rule of law but will probably not seek direct dialogue with GOB officials.

¶ 15. (SBU) Despite this, business representatives unanimously expressed hope that the United States would extend the Andean Trade Promotion and Drug Eradication Act (ATPDEA), arguing that trade preferences' disappearance would be a "catastrophe" for Bolivian exporters. All three said they realized Morales' anti-U.S. rhetoric had harmed the bilateral relationship but suggested the GOB's attitude could be changing. Peinado called attention to Morales' letter to President Bush (ref C) and Vice President Garcia Linera's proposed mid-July trip to the United States, noting that

these could signal new openness to trade. Peinado and his counterparts speculated that the GOB had begun to take a more practical approach, noting that GOB officials increasingly recognized Bolivia's reliance on U.S. markets. Both Peinado and Valencia argued that it was in the United States' interest to extend ATPDEA, as President Morales could turn a U.S. refusal to his political advantage and blame related job losses on U.S. intransigence.

¶ 16. (SBU) Comment: While business association and private sector representatives view the GOB's economic policies with increasing anxiety, many simultaneously cling to rose-colored interpretations of the GOB's actions, unwilling to admit that things may indeed be as bad as they seem. Some, like Valencia, not only refuse to criticize, but also express muted support for certain initiatives, perhaps convinced that relative silence is the best way to protect their interests. By remaining silent, however, they make it easier for the GOB to do exactly what the business community fears most: to drastically change the rules of the game. End comment.
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